

Message Text

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FM AMEMBASSY TUNIS

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FOR OPIC

E.O. 11652: N/A

TAGS: EIND, TS

SUBJECT: REQUEST FOR REGISTRATION OF U.S. INVESTMENT
IN FERTILIZER PLANT

1. JOHN TOWER WHITE, LEGAL COUNSEL FOR CENTRAL RESOURCES CORPORATION (CRC), NEW YORK, NEW YORK, ASKED EMBASSY ON NOV 12. TO TRANSMIT INFORMATION IN FOLLOWING PARAGRAPH 2 AS PRELIMINARY REQUEST FOR REGISTRATION FOR INVESTMENT INSURANCE. WHITE AND CRC WILL FOLLOW UP WITH FORMAL REQUEST UPON WHITE RETURN TO NEW YORK. CRC IS DISCUSSING WITH TUNISIAN FIRMS AND GOT POSSIBLE INVESTMENT IN MEDIUM-SIZED FERTILIZER PLANT IN GABES. WHILE LOCAL COMPANY HAS BEEN FORMED AND A PORTION OF EQUITY FUNDS HAVE BEEN PAID IN, CRC INFORMED THAT IT IS NOT

LEGALLY COMMITTED TO PROCEED.

2. FOLLOWING IS FOR OPIC APPLICATION FROM CRC-WHITE:
(A) AND (B). IDENTITY OF INVESTOR - CENTRAL RESOURCES CORPORATION (CRC), A CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF DELAWARE WHICH IS SUBSTANTIALLY OWNED BY UNITED STATES CITIZENS, AND WINDMILL HOLLAND, B.V., A WHOLLY-OWNED NETHERLANDS SUBSIDIARY OF CRC.

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KB) COUNTRY OF INVESTMENT - TUNISIA

(D) DESCRIPTION OF THE PROJECT - THE CONSTRUCTION AND OPERATION OF A NEW MONO-AMMONIUM PHOSPHATE (MAP) PLANT IN THE PORT OF GABES.

(E) ALTHOUGH A TUNISIAN COMPANY HAS BEEN ORGANIZED FOR THIS PURPOSE WHICH HAS A 30 PERCENT LOCAL TUNISIAN PARTICIPATION AND THE COMPANY HAS BEEN PARTIALLY CAPITALIZED BY CRC, WHICH WILL OWN 70 PERCENT, NO LEGALLY BINDING COMMITMENTS FOR THE CONSTRUCTION OF THE PLANT HAVE YET BEEN MADE. FURTHER, AT THE PRESENT TIME, CRC CAN DISSOLVE THE LOCAL COMPANY AND RECOVER THE PRESENTLY PAID IN CAPITAL WITHOUT PREJUDICE TO CRC.

(F) THE CONTEMPLATED INVESTMENT BY CRC WOULD BE IN THE FORM OF (1) EQUITY WHICH WILL APPROXIMATE ONE MILLION DOLLARS IN CASH; (2) AN EXCLUSIVE LICENSE FOR A TECHNICAL PROCESS OF A VALUE IN EXCESS OF ONE HUNDRED THOUSAND U.S. DOLLARS; AND (3) MANAGEMENT AND TECHNOLOGICAL SERVICES OF PRESENTLY UNDETERMINED VALUE. WINDMILL HOLLAND B.V. WILL GUARANTEE A LOAN MADE BY LOCAL TUNISIAN FINANCIAL INSTITUTIONS IN THE AMOUNT OF APPROXIMATELY \$2,200,000 FOR A TERM OF TEN YEARS. CRC RESPECTFULLY REQUESTS EXTENDED POLITICAL RISK INSURANCE FOR ITSELF AND ITS WHOLLY-OWNED SUBSIDIARY, WINDMILL HOLLAND, B.V., INCLUDING CURRENCY CONVERTIBILITY, EXPROPRIATION, WAR, REVOLUTION AND INSURRECTION.

3. EMBASSY SUPPORTS CRC REQUEST. PROPOSED PROJECT WILL MAKE USE OF LOCAL RESOURCES TO PRODUCE HIGH-VALUE PRODUCT PRESENTLY IN WORLD SHORTAGE. PLANT WILL PROVIDE INCREASED LOCAL EMPLOYMENT AND FOREIGN EXCHANGE RETURNS. PROJECT HAS FULL SUPPORT OF GOT, INCLUDING HABIB BOURGUIBA, JR., AS DIRECTOR OF NATIONAL INVESTMENT CORPORATION WHICH WILL HAVE 15 PERCENT EQUITY IN PROJECT AND WILL ADVANCE DINAR LOAN.

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